

March 29, 2004

HAND DELIVER

Mary L. Cottrell, Secretary
Department of Telecommunications and Energy
One South Station
Boston, Massachusetts 02110

Re: Petition of The Berkshire Gas Company - D.T.E. 03-89

Dear Secretary Cottrell:

On September 15, 2003, The Berkshire Gas Company ("Berkshire" or the "Company") filed a petition requesting Department approval of a proposed financing plan that, among other things, included a planned issuance of up to \$20 million of long-term debt securities. In an Order dated February 18, 2004, the Department approved substantial components of the plan including the issuance of up to \$7,361,750 of long-term debt securities on or prior to April 1, 2004 based upon the latest calculation of Berkshire's net plant in excess of the Company's total capital presented in the evidentiary record. See The Berkshire Gas Company, D.T.E. 03-89, p. 23 (2004). The Department went on to hold that the Company may, after April 1, 2004, "issue from time to time on or prior to January 31, 2007, up to \$12,638,250 in additional debt, provided it can meet the net plant test at the time of the actual issuance or issuances." Id. at 25. The Order provided that Berkshire might, upon at least 30 days' price notice prior to the time of any issuance after April 1, 2004, provide updated certification to demonstrate that the Company maintains sufficient excess net plant available to support the additional financing. Id.

Berkshire proposes to make its initial issuance of debt securities pursuant to the financing plan described in this docket by issuing up to \$12 million dollars of long-term debt securities on or after May 3, 2004. Attached please find the Affidavit of Karen L. Zink, Vice President and General Manager, the Company's principal witness in support of the proposed financing and the officer responsible for implementing the Company's financing plan, with supporting schedule, that demonstrates that Berkshire shall maintain adequate excess net plant at that time to support such additional financing. Ms. Zink's affidavit demonstrates that sufficient excess net plant is available based upon two factors: (i) an

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update as of February 29, 2004 of the Company's net plant calculations consistent with Department precedent to reflect recent plant additions and the retirement of certain preferred stock; and (ii) the mandatory redemption on April 1, 2004 of the Company's \$6 million Medium Term Note. These appropriate updates demonstrate that, effective upon such mandatory redemption, the Company shall maintain available net plant of \$14,803,000, an amount in excess of the proposed issuance of \$12 million of long-term debt securities.

The Company respectfully requests that the Department take such action as may be necessary and appropriate to enable the Company to complete the proposed issuance of long-term debt securities on or after May 3, 2004.

Please contact me if you require anything further with respect to this matter.

Thank you for your consideration.

Sincerely,

BROWN RUDNICK BERLACK ISRAELS LLP

By: _____
James M. Avery

JMA/cdw
Enclosure

cc: John Cope-Flanagan, Esq., Hearing Officer (w/2 enc)
Andrew O. Kaplan, Esq., General Counsel (w/enc)
Paul Osborne, Rates and Revenue, Requirements Division (w/enc)
Miguel Maravi, Analyst, Rates and Revenue Requirements Division (w/enc)
Cynthia Bradbury, Analyst, Gas Division (w/enc)
Alexander J. Cochis, Esq., Assistant Attorney General (w/2 enc)
Karen L. Zink, Vice President and General Manager (w/enc)

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